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NEWS RELEASE

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FOR RELEASE February 12, 2013, 10:00 a.m.

Auditor of State David A. Vaudt today released a report on a special investigation of the City of Masonville for the period of March 18, 2002 to November 30, 2011. The special investigation was requested by City officials after the former City Clerk admitted she had issued unauthorized checks to herself.

Vaudt reported the special investigation identified \$84,774.88 of improper and unsupported disbursements. The improper disbursements identified include \$79,557.33 of unauthorized payments to Christine King, the former City Clerk, for payroll, reimbursements and mileage. The improper disbursements also include \$1,867.80 of payments for FICA and IPERS on the unauthorized payroll and \$1,560.00 of late fees, penalties and fines paid to the IRS. The \$1,200.42 of unsupported disbursements identified includes 2 payments to Best Buy.

Vaudt also reported a number of payments were made to the Mayor for various services performed for the City, such as mowing, snow plowing and acting as the City's sewer operator. These payments did not comply with requirements established by section 372.13(8) of the *Code of Iowa*. In addition, meeting minutes did not include the authorized amount of pay for City Council members.

The report includes recommendations to strengthen the City's internal controls, such as improvements to segregation of duties, reconciling utility billings with collections and delinquent accounts, ensuring all disbursements are properly supported and developing a written credit card policy.

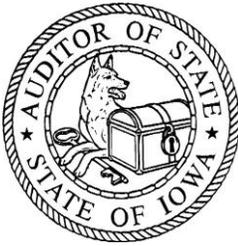
Copies of the report have been filed with the Delaware County Sheriff's Office, the Division of Criminal Investigation, the Delaware County Attorney's Office and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at: <http://auditor.iowa.gov/specials/1122-0264-BE00.pdf>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF MASONVILLE
FOR THE PERIOD
MARCH 18, 2002 THROUGH NOVEMBER 30, 2011**

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Auditor of State's Report

To the Honorable Mayor and
Members of the City Council:

As a result of the alleged improprieties regarding certain financial transactions and at your request, we conducted a special investigation of the City of Masonville. We have applied certain tests and procedures to selected financial transactions of the City for the period March 18, 2002 through November 30, 2011. Based on our review of relevant information and discussions with City officials, we performed the following procedures:

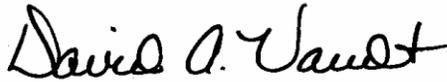
- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed activity in bank accounts held by the City to identify any unusual activity.
- (3) Examined deposits to the City's bank accounts to determine the source, purpose and propriety of each deposit and determine deposits were made intact.
- (4) Scanned all disbursements from the City's bank accounts. We also examined documentation for certain disbursements to determine whether they were appropriate, properly approved and properly supported.
- (5) Obtained and reviewed statements for the City's credit card account and activity in charge accounts established with local vendors in the City's name and the related invoices to determine the propriety of activity.
- (6) Examined payroll disbursements to all City employees and officials to determine if the amount and frequency of payments were appropriate.
- (7) Examined reimbursements to City employees and officials to determine if payments were properly approved and supported.
- (8) Examined utility billing and collection records to determine if collections were properly accounted for and deposited.
- (9) Reviewed reports prepared by Christine King, the former City Clerk, to determine if financial information was accurately reported to the City Council.
- (10) Reviewed a contract established with the United States Department of Agriculture to determine whether the City complied with all the terms.
- (11) Obtained and reviewed Ms. King's personal bank statements to identify the source of certain deposits.

These procedures identified \$84,774.88 of improper and unsupported disbursements. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A through G** of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the City of Masonville, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Delaware County Sheriff's Office, the Division of Criminal Investigation, the Delaware County Attorney's Office and the Attorney General's Office.

We would like to acknowledge the assistance extended to us by personnel of the City of Masonville and the Delaware County Sheriff's Office during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 17, 2012

City of Masonville
Investigative Summary

Background Information

The City of Masonville is located in Delaware County and has a population of approximately 130. The City employs a City Clerk and a wastewater operator. In addition, City officials assist with snow removal, mowing and meter reading. Employees are paid monthly and City officials are paid quarterly. Christine (Boudreau) King was hired as the City Clerk in 2002. As the City Clerk, Ms. King was responsible for:

- 1) Receipts – collecting, posting to the accounting records and preparing and making bank deposits,
- 2) Disbursements – making purchases, receiving certain goods and services, presentation of disbursements to the City Council for approval, maintaining supporting documentation, preparing, signing and distributing checks and posting payments to the accounting records,
- 3) Payroll – calculating, preparing, signing and distributing checks and posting payments to the accounting records,
- 4) Utility billings – preparing and mailing billings, receipting and depositing collections, posting collections to customer accounts and accounting records and preparing and making bank deposits,
- 5) Bank accounts – receiving and reconciling monthly bank statements to accounting records and
- 6) Reporting – preparing City Council meeting minutes and financial reports, including monthly Clerk register reports and the Annual Financial Report.

The City's primary revenue sources include local option sales tax and road use tax from the State of Iowa and property tax collected by Delaware County and remitted to the City. Revenue is also received from townships for fire protection and from customers for utility services. The City receives payments from the State and County electronically. All other payments are collected through the mail, in person or in the utility collection box located at City Hall. Ms. King did not prepare receipts for all collections or record the collections on an initial receipts listing.

All City disbursements, including payroll, are to be made by check. All disbursements are to be supported by invoices or other support obtained or submitted by the City Clerk. Each month, the City Clerk is to prepare a listing of bills and provide the listing to the City Council for approval. After the City Council approves the bills, the City Clerk is to prepare and sign the checks. The checks are to be counter-signed by the Mayor.

The City maintains 4 checking accounts at a bank in Manchester, Iowa. The City also has a credit card and a charge account at Wal Mart. Monthly statements for the City's checking accounts, credit card and charge account are mailed directly to City Hall where they are opened by the City Clerk. Bank statements and check images are not periodically reviewed by members of the City Council. The bank statements were not reconciled to the City's accounting system.

According to the Mayor, Ms. King was not required to maintain regular office hours, but she was required to be in the office on Wednesday nights and every other Saturday. He also stated Ms. King often worked from home and believed she had a computer the City purchased at her home. A computer was also located in City Hall. She used a computer to maintain the City's accounting system and track utility information. After Ms. King's termination, she returned a number of City records which had been located at her home.

We spoke with a representative of the City's insurance carrier who stated they contacted Ms. King between July and October 2011 regarding an unpaid invoice for insurance premiums. During this period, Ms. King submitted several partial payments for the City's insurance premium, but she had not paid the premium in full. According to the City's insurance agent, he contacted the Mayor regarding the unpaid portion of the premium on October 17, 2011. The Mayor stated he was not aware the amount due had not been paid prior to the call from the insurance agent. According to the Mayor, he and 2 City Council members spoke with Ms. King regarding the unpaid premium. Ms. King admitted she had not paid the premium to the City's insurance company. She also admitted to misappropriating funds, but she did not provide any more specific information at the time.

After speaking with Ms. King, City officials decided to review the bank statements and subsequently determined Ms. King issued herself several extra payroll checks. On October 19, 2011, Ms. King contacted 2 City Council members and admitted she issued additional paychecks to herself totaling approximately \$50,000.00. Also on October 19, 2011, City officials contacted the Delaware County Sheriff. The Sheriff notified the Auditor of State of the concerns identified on October 24, 2011. The City Council held a special meeting on October 23, 2011, during which it terminated Ms. King's employment.

As a result of Ms. King's admission of misappropriating City funds, City officials requested the Office of Auditor of State review the City's financial transactions. We performed the procedures detailed in the Auditor of State's report for the period March 18, 2002 through November 30, 2011.

Detailed Findings

The procedures performed identified \$84,774.88 of improper and unsupported disbursements. The improper disbursements identified include \$79,557.33 of unauthorized payments to Ms. King for payroll, reimbursements and mileage. The improper disbursements also include \$1,867.75 of payments for FICA and IPERS on the unauthorized payroll and \$1,560.00 for late fees, penalties and fines paid to the IRS.

The improper disbursements identified also include \$226.23 of personal purchases and late charges on the City's Wal Mart charge account and \$32.00 of personal purchases and late charges on the City's credit card.

The \$1,200.42 of unsupported disbursements identified include 2 payments to Best Buy. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

We reviewed all disbursements from the City's checking accounts for the period March 18, 2002 through November 30, 2011. Because the City's accounting software was corrupted and unusable, we reviewed individual check images. We also reviewed any available documentation related to the payments to determine if they were appropriate and discussed all disbursements which were unusual in nature with City officials.

Had listings of disbursements approved by the City Council been available, we would have reviewed them. However, copies of City Council meeting minutes maintained at City Hall did not include any approved disbursement listings. In addition, a City Council member we spoke with and the Mayor stated Ms. King did not provide listings of payments to the City Council for its review and approval.

Based on our review of the available supporting documentation, the vendor, the frequency and amount of payments and discussion with the Mayor, we classified the payments as reasonable, improper or unsupported. Payments which appeared consistent with City operations based on the vendor, the frequency and/or the amount of the payment were classified as reasonable. Some of the reasonable payments were supported by appropriate documentation, but some were not.

Payments were classified as improper if they appeared to be personal in nature or were not reasonable for the City's operations. Some of the improper payments were supported by documentation, but some were not. Payments were classified as unsupported if appropriate documentation was not available and it was not possible to determine if the payment was related to City operations or was for personal purchases.

The improper and unsupported disbursements we identified were issued by Ms. King to herself and certain vendors. The improper and unsupported disbursements identified are explained in detail in the following sections of the report.

Checks to Christine (Boudreau) King – Exhibit B lists 372 payments which Ms. King issued to herself between June 1, 2002 and October 30, 2011. The checks total \$124,890.57. As previously stated, Ms. King was authorized to receive monthly payroll checks, which should have resulted in 12 payments to Ms. King each year. From May 2002 through October 2011, Ms. King should have received 113 monthly payroll checks. However, as illustrated in **Exhibit B**, in May 2003 she began splitting her payroll checks into smaller time periods. As also illustrated by **Exhibit B**, she was not consistent in the manner in which she paid herself.

Exhibit B illustrates most of the checks prior to July 2005 include some type of a notation in the memo portion of the check. The notations made by Ms. King indicate some of the checks were for payroll, mileage and reimbursement for certain items. However, beginning in July 2005, the notations were made much less frequently. **Exhibit B** also illustrates the memo portion on a number of the checks indicates the payments include payroll, reimbursements and/or mileage combined in a single check.

Supporting documentation could not be located for the checks listed in **Exhibit B**. In addition, supporting documentation, such as travel claims and vendor receipts, could not be located to support the mileage and reimbursement portions of the checks. As a result, we were unable to determine what portion of the combined checks was for payroll, reimbursements and mileage.

The number and amounts of the checks Ms. King issued to herself for each calendar year from 2002 through 2011 are summarized in **Table 1**. The **Table** also includes the average amount of each check issued to Ms. King each calendar year.

Table 1

| Time Period | Amount | Number of Checks | Average Check Amount |
|----------------------|----------------------|-------------------------|-----------------------------|
| 06/01/02 – 12/31/02* | \$ 2,717.77 | 15 | \$ 181.18 |
| 01/01/03 – 12/31/03 | 4,596.69 | 19 | 241.93 |
| 01/01/04 – 12/31/04 | 8,948.51 | 44 | 203.38 |
| 01/01/05 – 12/31/05 | 9,313.56 | 38 | 245.09 |
| 01/01/06 – 12/31/06 | 13,345.81 | 38 | 351.21 |
| 01/01/07 – 12/31/07 | 16,025.16 | 40 | 400.63 |
| 01/01/08 – 12/31/08 | 19,961.06 | 52 | 383.87 |
| 01/01/09 – 12/31/09 | 17,655.42 | 55 | 321.01 |
| 01/01/10 – 12/31/10 | 15,444.09 | 36 | 429.00 |
| 01/01/11 – 10/31/11* | 16,882.50 | 35 | 482.36 |
| Total | \$ 124,890.57 | 372 | \$ 335.73 |

* - Periods less than 12 months.

As illustrated by the **Table**, the number of checks issued to Ms. King from June 1, 2002 through October 31, 2011 ranged from 15 during the 7 months in 2002 and 19 in 2003 to 55 in 2009. In addition, the average amount of the checks ranged from \$181.18 in 2002 to \$482.36 in 2011.

As illustrated by **Table 1**, the number of checks Ms. King issued to herself increased substantially after 2003. From 2004 through 2010, Ms. King issued herself between 36 and 55 checks per year, which averages from 3 to more than 4 checks per month. During the 10 months she received checks in 2011, she received an average of more than 3 checks per month. As also illustrated by the **Table**, although the number of checks Ms. King issued to herself during 2010 and 2011 decreased from 2009, the average amount of the checks increased each year.

Based on our experience with cities of comparable size, the frequency and size of the checks listed in **Exhibit B** which include reimbursements are unusually large in number and amount when compared to reimbursements and mileage amounts typically paid to a City Clerk.

The payroll, reimbursement and mileage components of the checks are discussed in detail in the following paragraphs.

Mileage and Reimbursements - According to the Mayor, Ms. King was not authorized to receive mileage reimbursements. In addition, the City issues checks directly to vendors, so Ms. King should not need to purchase items with her personal funds and subsequently be reimbursed. When the Delaware County Sheriff asked Ms. King about the payments, she stated she was authorized to receive mileage and reimbursements. She stated she submitted receipts or "account slips" for the reimbursements. We were not able to locate any receipts or any other type of supporting documentation for the checks issued to Ms. King for mileage and reimbursements.

We discussed these checks with the Mayor. The Mayor stated Ms. King was authorized to attend a Clerks' meeting in 2011. As illustrated by **Exhibit B**, Ms. King issued a \$200.00 check to herself on July 26, 2011 and described it as "clerk meeting food + mileage" in the memo portion of the check. The City's credit card was used for the meeting's registration fee. However, because Ms. King did not attend the meeting, the registration fee was refunded to the credit card. As a result, Ms. King should not have received a reimbursement for the trip. The Mayor also stated Ms. King was not authorized to make any other trips.

Payroll - According to the Mayor, Ms. King was authorized to receive \$400.00 per month and received 1 pay increase to \$550.00 per month. According to the Mayor, the increase occurred approximately mid-year 2008. We were not able to locate the minutes of the City Council meetings for the months of March through June 2008 and none of the minutes available for our review included a notation of a pay increase authorized by the City Council for Ms. King. However, by reviewing Iowa Public Employees Retirement System (IPERS) reports we were able to determine Ms. King reported payroll of \$550.00 starting in July 2008. As a result, we used July 2008 as the effective date of Ms. King's pay increase authorized by the City Council.

We were not able to locate payroll records, including W-2 forms (Wage and Tax Statements), W-3 forms (Transmittals for Wage and Tax Statements) or the 941 reports (Employer's Quarterly Federal Tax Return), submitted to the Internal Revenue Service (IRS) by the City which summarized payroll amounts for the period of our investigation. However, we were able to locate spreadsheets which summarize gross payroll amounts and amounts withheld from gross pay for Ms. King and the City Council members for the period January 2009 through December 2010. We were not able to locate spreadsheets for the remaining years.

During our review of the spreadsheets for 2009 and 2010, the following were identified:

- The spreadsheets for 2009 and 2010 did not include check numbers. In addition, the net payroll amounts recorded for Ms. King did not agree with any of the checks issued to her during 2009 and 2010.

- For the months of October and November 2009, the gross and net pay recorded on the spreadsheets by Ms. King for her payroll were zero. However, she received 6 checks totaling \$3,038.97 during this 2 month period. Of the 6 checks, 4 ranged from \$520.64 to \$789.42 and no description was included in the memo portion of the check. Of the 2 remaining checks, 1 was for \$250.00 and was described as “mileage + meals” in the memo portion of the check. The other was for \$200.00 and was described as “report hours” in the memo portion of the check. It is very unusual for reimbursements for meals and mileage and payment for work to result in an even dollar amount.
- The spreadsheet included gross pay amounts of \$750.00 for Ms. King for the months of June and July 2009. However, Ms. King was authorized to receive only \$550.00 gross pay each month during this period.
- The amount of FICA and IPERS withholdings recorded on the spreadsheet for Ms. King were properly calculated. However, the amounts recorded for IPERS did not consistently agree with the amounts reported to IPERS.
- The amount of Federal and State tax withholdings recorded for Ms. King varied for the 22 months for which gross pay was recorded. The amount of Federal tax withholdings recorded was \$50.00 for 12 months, \$25.00 for 6 months and \$20.00 for 3 months. The amount of State tax withholdings recorded was \$10.00 for 15 months and \$5.00 for 6 months. In addition, Ms. King did not record any Federal or State tax withholdings from her gross pay for 1 month.
- The total amount of income tax withholdings and IPERS contributions recorded on the spreadsheets could not be reconciled to payments made by the City.

Because of the concerns identified with the spreadsheets, they could not be used as documentation to support the payroll payments issued from the City’s checking accounts during 2009 and 2010.

Because sufficient payroll records were not available, we determined the maximum amount of Ms. King’s authorized net pay for the period June 2002 through October 2011 by calculating the amount of IPERS and FICA which should have been withheld from her authorized monthly salary. Her net pay should also have been reduced by any Federal and/or State tax withholdings from her gross pay. However, because we are unable to determine the amount, if any, withheld from each check for Federal or State tax withholdings, we did not include any in our calculation. As a result, the net pay we calculated is the maximum amount Ms. King was authorized to receive during the period of her employment. The calculation of Ms. King’s maximum authorized net pay for the period of her employment is summarized in **Table 2**.

Table 2

| Period | Authorized Gross Monthly Salary | IPERS Contributions | FICA Withholdings | Maximum Monthly Net Pay | Number of Months | Maximum Authorized Net Pay |
|---------------------|----------------------------------------|----------------------------|--------------------------|--------------------------------|-------------------------|-----------------------------------|
| 06/01/02 – 06/30/07 | \$ 400.00 | 14.80 | 30.60 | 354.60 | 61 | \$ 21,630.60 |
| 07/01/07 – 06/30/08 | 400.00 | 15.60 | 30.60 | 353.80 | 12 | 4,245.60 |
| 07/01/08 – 06/30/09 | 550.00 | 22.55 | 42.08 | 485.37 | 12 | 5,824.44 |
| 07/01/09 – 06/30/10 | 550.00 | 23.65 | 42.08 | 484.27 | 12 | 5,811.24 |
| 07/01/10 – 12/31/10 | 550.00 | 24.75 | 42.08 | 483.17 | 6 | 2,899.02 |
| 01/01/11 – 06/30/11 | 550.00 | 24.75 | 31.08 | 494.17 | 6 | 2,965.02 |
| 07/01/11 – 10/31/11 | 550.00 | 29.59 | 31.08 | 489.33 | 4 | 1,957.32 |
| Total | | | | | | \$ 45,333.24 |

Unauthorized Amount Paid to Ms. King - **Table 3** compares the amount paid to Ms. King to her authorized maximum net salary payments by fiscal year. Because, according to the Mayor, Ms. King was not authorized to receive mileage and should not have incurred costs for the City which required reimbursement, Ms. King received \$79,557.33 more than authorized, as illustrated by the **Table**. The \$79,557.33 is included in **Exhibit A** as improper disbursements.

Table 3

| Period | Actual Payments | Maximum Authorized Net Pay | Excess Payments |
|----------------------|-----------------|----------------------------|-----------------|
| 06/01/02 – 06/30/03* | \$ 5,208.47 | 4,609.80 | 598.67 |
| 07/01/03 – 06/30/04 | 6,035.86 | 4,255.20 | 1,780.66 |
| 07/01/04 – 06/30/05 | 9,095.25 | 4,255.20 | 4,840.05 |
| 07/01/05 – 06/30/06 | 10,084.21 | 4,255.20 | 5,829.01 |
| 07/01/06 – 06/30/07 | 18,991.69 | 4,255.20 | 14,736.49 |
| 07/01/07 – 06/30/08 | 14,128.57 | 4,245.60 | 9,882.97 |
| 07/01/08 – 06/30/09 | 18,162.56 | 5,824.44 | 12,338.12 |
| 07/01/09 – 06/30/10 | 18,703.11 | 5,811.24 | 12,891.87 |
| 07/01/10 – 06/30/11 | 18,784.90 | 5,864.04 | 12,920.86 |
| 07/01/11 – 10/31/11 | 5,695.95 | 1,957.32 | 3,738.63 |
| Total | \$ 124,890.57 | 45,333.24 | 79,557.33 |

* - June 2002 payment is included with fiscal year 2003 in **Table 2**.

According to the Mayor, Ms. King’s wages and reimbursements were to be paid from the General Fund checking account. However, Ms. King issued herself 10 checks totaling \$3,751.46 from the Sewer Fund checking account. The 10 checks are identified in **Exhibit B**. The Mayor stated Ms. King was not authorized to issue payroll or reimbursement checks from this account.

On February 10, 2012, the Delaware County Sheriff met with Ms. King. When asked by the Sheriff, Ms. King stated she issued herself additional wages in some months with the intention of not issuing herself a payroll check the following month. She stated she believed this would balance the payroll amounts. However, when her husband lost his job, she was not able to pay her personal bills without a paycheck the subsequent month.

Payments to IPERS - We determined Ms. King reported unauthorized payroll to IPERS. We obtained wage reports from IPERS and compared the payroll amounts Ms. King listed in the reports to her authorized payroll. **Exhibit C** compares the payroll reported to IPERS to her authorized payroll. As illustrated by the **Exhibit**, Ms. King did not report any payroll for certain quarters, even though she was employed during the entire quarter.

The **Exhibit** also calculates the amount of additional employer and employee IPERS contributions paid by the City for the unauthorized payroll reported. As illustrated by the **Exhibit**, the additional contributions total \$631.30. In addition, we determined the City incurred \$242.00 of late fees and penalties because Ms. King did not remit contributions to IPERS in a timely manner. As the City Clerk, it was Ms. King’s responsibility to ensure all City obligations were paid in a timely manner. The \$873.30 of additional contributions, late fees and penalties are included in **Exhibit A** as improper disbursements.

Because of the additional IPERS contributions by the City on the unauthorized payroll, the amount of benefits Ms. King may receive as an IPERS retiree or any amount she withdraws from the retirement plan will be greater than if her payroll had not been improperly reported.

FICA Payments - As previously stated, we were not able to locate IRS forms for payroll, including 941s and W-2s. As a result, we were not able to definitively determine the amount of payroll Ms. King reported to the IRS for herself, the Mayor and City Council members. However, we obtained account history reports from the IRS. Based on these reports, we determined it appears Ms. King reported unauthorized payroll for herself to the IRS. As a result, the City paid the employee and employer share of FICA on the unauthorized payroll.

Exhibit D compares the payroll reported to IPERS to her authorized payroll. Payroll reported to IPERS should be consistent with payroll reported to the IRS for FICA. As illustrated by the **Exhibit**, Ms. King did not report any payroll for certain quarters even though she was employed throughout the entire quarter. The **Exhibit** also calculates the amount of additional employer and employee shares of FICA paid by the City on the unauthorized payroll reported. As illustrated by the **Exhibit**, the additional payments to the IRS total \$994.50, which is included in **Exhibit A** as improper disbursements.

In addition, the account history reports obtained from the IRS show the City paid \$615.02 of late fees and penalties. Ms. King's job duty was to prepare accurate reports timely and issue payments timely.

We also identified 2 checks issued to the United States Treasury which were not listed as payments on the account history reports obtained from the IRS. **Table 4** lists the check number, date and amount. Although the back of the checks include the City's tax identification number, we were not able to determine the purpose of the payment. According to the Mayor, a representative from the IRS stated the payments were for fines levied against the City. Fines would not be included in the account history reports.

| Check Number | Check Date | Amount |
|---------------------|-------------------|---------------|
| 5329 | 01/02/09 | \$ 350.00 |
| 5408 | 11/14/09 | 1,210.00 |
| Total | | \$ 1,560.00 |

The \$1,560.00 of late fees, penalties and fines paid to the IRS is included in **Exhibit A** as improper disbursements.

Wal Mart Charge Account - As previously stated, the City has a charge account with Wal Mart. The authorized users of the account include Ms. King, the Mayor, City Council members and volunteer firefighters. According to City officials we spoke with, Ms. King, City Council members and the Mayor primarily used the charge account. Authorized purchases on the account included office supplies, supplies for the City and fire trucks and items for the annual Christmas party.

The charge account statements were not located at City Hall. However, Ms. King provided a number of the statements after her termination, but she did not provide all statements. The Mayor obtained all statements from Wal Mart for the charge account. The monthly charge account statements list each item purchased. We determined all payments on the charge account were made with checks issued from a City bank account.

Because all supporting documentation was not available, we discussed a number of the charges on the charge account statements with the Mayor. Based on our review and the available

supporting documentation, the frequency and amount of charges and discussions with the Mayor, we classified the charges as reasonable, improper or unsupported. **Table 5** summarizes the purchases classified as improper and discussed in the paragraphs following the **Table**.

Table 5

| Date | Description | Amount |
|----------|------------------------------|-----------|
| 03/07/09 | <i>Quickbooks Pro 2009</i> ® | \$ 179.92 |
| 03/18/11 | Cyclonic heater | 35.00 |
| Total | | \$ 214.92 |

- On March 9, 2009, *Quickbooks Pro 2009*® was purchased for \$179.92. According to the Mayor, the 2007 version of *Quickbooks*® is installed on the City’s computer.
- On March 18, 2011, a cyclonic heater was purchased for \$35.00. According to the Mayor, he noticed Ms. King had a small space heater under her desk at City Hall. He has not seen the space heater at City Hall since Ms. King was terminated from employment. When the Delaware County Sheriff spoke with Ms. King, she stated she did not have any City property at her home.

In addition, we identified 14 instances in which late charges were incurred. Of the 14 instances, the late charges were reversed the following month on 2 occasions. The late charges ranged from \$.01 to \$3.10 and total \$11.31. As previously stated, it was Ms. King’s responsibility to ensure payments were made in a timely manner.

The \$226.23 of improper charges and late charges are included in **Exhibit A** as improper disbursements.

Credit Card – The City has a credit card issued by 1st State Bank. The original credit card issued in early 2010 included the name of the City in addition to Ms. King’s and the Mayor’s names. The credit card was kept in a desk drawer at City Hall. Both Ms. King and the Mayor were authorized to use the credit card to purchase supplies for the City. The original account was closed after Ms. King’s termination in October 2011 and replaced with a new credit card.

The credit card statements were not located at City Hall. After her termination, Ms. King provided a number of the statements she had at her home. However, she did not provide all statements. The Mayor obtained all statements for the City’s credit card from 1st State Bank. The monthly credit card statements listed all charges, fees and payments. **Exhibit E** lists each charge and fee incurred on the City’s credit card from March 2010 through September 2011. We reviewed each charge to determine if it was appropriate for City operations.

Because supporting documentation was not available for purchases made with the credit card, we discussed a number of the charges on the statements with the Mayor. Based on our review of the vendor, the frequency and amount of charges and discussions with the Mayor, we classified each charge as reasonable, improper or unsupported. As illustrated by the **Exhibit**, \$130.02 of the charges on the City’s credit card were determined to be improper. The charges identified as improper include:

- A \$52.50 purchase at Kwik Star on September 9, 2010. According to the Mayor, the City Council did not authorize this charge. When the Delaware County Sheriff spoke with Ms. King, she stated she accidentally used the City’s credit card instead of her personal credit card and she reimbursed the City for the charge. Using the credit card statements and Ms. King’s personal bank account statements, we determined Ms. King issued a check from her personal bank account to VISA as payment for the charge on October 10, 2010.

- A \$67.51 purchase at Kwik Star on June 25, 2011. According to the Mayor, the City Council did not authorize this charge. He also stated Ms. King had told him she accidentally used the City's VISA card and would reimburse the City for the charge. During their meeting on February 10, 2012, she also told the Sheriff the same thing.

Using the credit card statements, we identified an electronic payment of \$67.51 on August 17, 2011. The payment was not made from a City bank account or Ms. King's personal bank account which we reviewed. According to a representative from VISA we spoke with, they were unable to track the payment to a specific account. As a result, we were unable to determine the source of the payment.

- A \$10.01 purchase from Elkader Fuel on September 25, 2011. According to the Mayor, the City Council did not authorize the charge. He also stated Ms. King would not be in Elkader for City business. When the Delaware County Sheriff spoke with Ms. King, she stated she did not remember the charge. Using the credit card statements and the City's bank statements, we determined all payments on the City's credit card after the purchase were made with City funds.

Table 6 lists the amount of improper charges on the City's credit card which were not paid for with City funds. As illustrated by the **Table**, only \$10.01 of the \$130.02 of improper charges identified was paid for with City funds.

| Description | Amount |
|-------------------------------------------|---------------|
| Improper charges, per Exhibit E | \$ 130.02 |
| Less improper charges paid for by: | |
| Ms. King | (52.50) |
| Unknown party | (67.51) |
| Improper charges paid for with City funds | \$ 10.01 |

During our review of the credit card statements, we also identified \$21.99 of interest and late fees paid by the City. As previously stated, as the City Clerk, Ms. King was responsible for making payments in a timely manner. The \$32.00 of improper charges, interest and late fees are included in **Exhibit A** as improper disbursements.

Other Disbursements – As previously stated, the City has 4 bank accounts which are described in the following paragraphs. The activity in each account was reviewed.

- The City's primary checking account is referred to as the General Fund. All collections received by the City are deposited to this account and payments for all the City's operations, other than for sewer operations, are made from this account.
- As previously stated, 10 checks were improperly issued to Ms. King from the checking account referred to as the Sewer Fund. In addition to the 10 checks, the activity in the checking account includes payments to the sewer operator and payments related to construction projects. All deposits to the account are transfers from the General Fund.
- The checking account referred to as the Generator Fund was established in August 2008 with a \$1.00 deposit. As of June 30, 2011, there has been no additional activity in the account and the balance was still \$1.00.
- The bank account established for the Fire Department was set up as a high yield savings account. Collections deposited to the account are transferred to other accounts held by the City, as needed. Checks have not been issued from the account. No improper or unsupported disbursements were identified from this account.

We reviewed all checks from the City's General Fund account. Because supporting documentation could not be located for a significant number of the checks, we discussed certain disbursements with the Mayor. Based on our review of the vendor, the frequency and amount of payments, available supporting documentation and discussion with the Mayor, we classified the payments as reasonable, improper or unsupported.

We identified improper and unsupported disbursements which are listed in **Exhibit F**. The improper payments were to vendors from whom the City would not have a reason to make a purchase according to the Mayor. The unsupported payments were not supported by appropriate documentation and, based on our review of the vendor, the amount and frequency of purchases and discussions with the Mayor, we were unable to determine if the purchases were for City operations or were personal in nature. The improper and unsupported payments identified include:

- 2 checks issued to Best Buy. The Mayor stated he thought it was possible 1 of the payments may have been for a laptop computer purchased by the City for Ms. King to use at her home. City officials were not able to locate a laptop computer. When the Delaware County Sheriff asked Ms. King if she had a computer purchased by the City at her residence, she stated she did not.
- 1 check issued to Regional Medical Center for \$17.27. The Mayor was unable to determine what the payment was for.
- 3 checks issued to Sam's Club. A \$35.00 check was issued for the annual membership fee. The remaining 2 checks were for purchases. According to the Mayor, the City Council did not authorize a membership at Sam's Club and he did not know what would have been purchased from Sam's Club for the City.

The \$331.10 of improper payments and \$1,200.42 of unsupported payments are included in **Exhibit A**.

In addition, based on the vendor, we identified certain disbursements which may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979. According to the Opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin. The payments identified for which the public purpose served was not documented include:

- 1 payment to Jolene Kaiser for \$25.00. We located a receipt from Okoboji Grill, but we were unable to determine what was purchased because the receipt was not itemized.
- 1 payment to Pizza Ranch for \$30.00. The memo portion of the check included the notation "gift card". The Mayor was unable to identify why a gift card was purchased.
- 5 payments to Posy Place Floral and Gift totaling \$247.19. According to the Mayor, floral arrangements were purchased for funeral services.
- 9 payments to R Place totaling \$657.90. According to the Mayor, R Place is owned by a City Council member. The City occasionally purchases food items from R Place.
- 1 charge made on the City's credit card on January 15, 2011 at Okoboji Grill for a meal for City Council members. The charge totaled \$394.77.

COLLECTIONS

As previously stated, the City's primary revenue sources include taxes from the State of Iowa and Delaware County. In addition, the City receives revenue for providing sewer and garbage services to residents. We reviewed documentation related to these revenue sources to determine if collections were properly deposited.

Taxes from the State of Iowa – The majority of revenues received from the State of Iowa are road use tax and local option sales tax. We confirmed all payments to the City by the State of Iowa and determined they were properly deposited to the City’s General Fund checking account.

Taxes from Delaware County – We confirmed all payments to the City by Delaware County were properly deposited to the City’s General Fund checking account.

Sewer and Garbage Fees – Sewer and garbage services are provided to each household. Each household is billed each month for services. Monthly reconciliations of the amounts billed, collected, deposited and delinquent amounts are not prepared. As a result, we were unable to ensure all fees were properly billed, collected and subsequently deposited to the City’s bank accounts. However, the amounts billed and deposited appeared reasonable based on the number of households served and the rates established by the City Council.

OTHER ADMINISTRATIVE ISSUES

Payments to the Mayor – From June 1, 2002 through November 30, 2011, the Mayor received \$34,240.58. This amount includes wages for his duties as Mayor, sewer operator and reading meters, as well as payments for snowplowing and other services. According to the Mayor, the wages he received for being the Mayor were recorded on his annual W-2. Because copies of W-2s were not available, we were unable to confirm this. According to the Mayor, the payments he received as sewer operator were treated as payments to an independent contractor rather than an employee. As a result, they were reported on IRS Form 1099. We were unable to determine whether the wages received for meter reading, snowplowing and other services were recorded on his annual W-2 or included on Form 1099.

The IRS definition of an employee is anyone whose employer controls what will be done and how it will be done. In addition, the IRS suggests completing a checklist to determine whether an individual is an independent contractor or an employee. Using guidance provided by the IRS, we determined the Mayor would be an employee of the City for sewer operations and meter reading. As a result, the payments for those services should have been included as wages on his W-2 form.

In addition, section 372.13(8) of the *Code of Iowa* states, in part, “Except as provided in section 362.5, an elected city officer is not entitled to receive any other compensation for any other city office or city employment during that officer’s tenure in office, but may be reimbursed for actual expenses incurred.” Section 362.5(2) of the *Code of Iowa* restricts a city officer or employee from having a direct or indirect interest in a contract with the officer’s or employee’s city. However, in accordance with section 362.5(3k) of the *Code*, this restriction does not apply to, “Contracts not otherwise permitted by this section for the purchase of goods or services by a city having a population of two thousand five hundred or less, which benefit a city officer or employee, if the purchases benefiting that officer or employee do not exceed a cumulative total purchase price of two thousand five hundred dollars in a fiscal year.” The Mayor receives \$350 per month as sewer operator and \$39 per month for meter readings. Wages for these two services total more than \$2,500 per fiscal year.

Payments to City Council Members – We also reviewed the quarterly payroll checks issued to City Council members. As previously stated, we located payroll records for the period July 2009 through October 2011, but payroll records for earlier time periods were not located. When we reviewed payroll checks issued to each City Council member, we identified the following:

- The City Council meeting minutes did not include the authorized amount of pay for City Council members. As a result, we were unable to determine if the City Council members were paid the appropriate amount.
- We identified several instances in which City Council members were paid different amounts even though they attended the same number of meetings based on City Council meeting minutes. We also identified several instances in which City Council members

were not issued payments even though they attended meetings based on City Council meeting minutes.

- Several City Council members perform other services for the City, including mowing and snowplowing. According to the Mayor, they do not always request payment for their services. However, they occasionally request payment if a significant amount of time is spent performing the service. We identified several checks issued to City Council members as payment for their services. However, we were not able to determine if the payments are appropriate because supporting documentation was not submitted or retained.

Improperly Reported Balances – As previously stated, Ms. King was responsible for preparing reports for the City Council. The reports were to include the current bank balances for each account held by the City. We determined the balances reported by Ms. King for 3 of the 4 bank accounts held by the City did not agree with the balances shown on the related bank statement. Ms. King reported balances larger than the actual balances in the accounts for each of the 13 monthly reports available for our review. The differences are listed by account in **Exhibit G** for each month and summarized in total in **Table 7**.

Table 7

| Month | Reported Balances | Actual Balances | Difference |
|----------------|--------------------------|------------------------|-------------------|
| June 2010 | \$ 116,775.96 | 77,661.63 | 39,114.33 |
| July 2010 | 96,617.55 | 58,386.98 | 38,230.57 |
| August 2010 | 68,040.55 | 56,927.23 | 11,113.32 |
| September 2010 | 60,906.53 | 9,820.72 | 51,085.81 |
| October 2010 | 65,668.33 | 11,973.09 | 53,695.24 |
| November 2010 | 74,443.71 | 21,098.93 | 53,344.78 |
| December 2010 | 72,847.87 | 19,068.75 | 53,779.12 |
| January 2011 | 77,093.08 | 20,061.72 | 57,031.36 |
| February 2011 | 77,853.08 | 21,602.44 | 56,250.64 |
| March 2011 | 77,149.91 | 16,227.22 | 60,922.69 |
| April 2011 | 77,919.01 | 28,786.60 | 49,132.41 |
| May 2011 | 67,690.24 | 17,747.60 | 49,942.64 |
| June 2011 | 63,168.74 | 4,226.12 | 58,942.62 |

As illustrated by the **Exhibit**, the largest differences were in the City’s General Fund checking account and varied from approximately \$3,000.00 to approximately \$75,000.00. The differences in the City’s Sewer Fund checking account varied from approximately \$11,000.00 to approximately \$15,000.00. The differences in the City’s Road Use Tax Fund checking account varied from approximately \$28.00 to approximately \$11,000.00. The Generator Fund checking account was reported accurately with a balance of \$1.00.

United States Department of Agriculture (USDA) – On March 31, 1999, the City received a \$108,300.00 loan and a \$259,610.00 grant from the USDA. As part of the agreement with the USDA, the City was to set up a debt service reserve account equal to a monthly payment or one-twelfth of the annual payment to ensure repayment of the loan. The reserve account was to be established at an initial amount with additional amounts transferred each month until an annual payment of \$8,827.00 was accumulated.

We determined the proceeds from the loan and the grant were properly deposited to a City bank account. According to an audit report for the fiscal year ended June 30, 2003, a reserve account was properly set up within the City’s accounting software.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the City of Masonville to process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the City's internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The former City Clerk had control over each of the following areas for the City:
- (1) Receipts – collecting, posting to the accounting records and preparing and making bank deposits,
 - (2) Disbursements – making purchases, receiving certain goods and services, presentation of disbursements to the City Council for approval, maintaining supporting documentation, preparing, signing and distributing checks and posting payments to the accounting records,
 - (3) Payroll – calculating, preparing, signing and distributing checks and posting payments to the accounting records,
 - (4) Utility billings – preparing and mailing billings, receipting and depositing collections, posting collections to customer accounts and accounting records and preparing and making bank deposits,
 - (5) Bank accounts – receiving and reconciling monthly bank statements to accounting records and
 - (6) Reporting – preparing City Council meeting minutes and financial reports, including monthly Clerk register reports and the Annual Financial Report.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, the duties within each function listed above should be segregated between the City Clerk, the Mayor and City Council members. In addition, the City Council should review financial records, perform reconciliations and examine supporting documentation for account records on a periodic basis.

In addition, bank statements should be delivered to and reviewed by an official who does not collect or disburse City funds. Bank reconciliations should be performed on a monthly basis.

- B. Reconciliation of Utilities Billings, Collections and Delinquent Accounts – Utility billings, collections and delinquent accounts were not reconciled. In addition, meter reading sheets were not retained and available for review.

Recommendation – Procedures should be established to ensure utility billings are reconciled to subsequent collections and delinquent accounts for each billing period. The City Council, or an independent individual designated by the City Council, should review the reconciliations and monitor delinquent accounts. Delinquent accounts should not be written off without City Council approval.

In addition, all supporting documentation, such as meter reading sheets, should be maintained at City Hall.

- C. Disbursements – During our review of the City’s disbursements, we determined supporting documentation was not maintained for the majority of disbursements. The invoices available were not properly marked paid to prevent duplicate payment and did not include information on how the expense was in the best interest of the City (public purpose). Because the City could not locate approved listings of bills, we were unable to determine if the City Council reviewed and approved the disbursements.

Recommendation – All disbursements should be supported by invoices or other supporting documentation and be reviewed and approved by the City Council. For those disbursements paid prior to City Council approval, a listing should be provided to the City Council at the next meeting for its review and approval.

To further strengthen controls, all paid invoices should be properly marked or stamped paid with the date of payment to aid in preventing duplicate payment of invoices. Invoices should also provide information on the public purpose of the disbursement when the public purpose is not evident.

- D. Credit Card/Charge Accounts – The City had a credit card issued in the City’s name and the former City Clerk’s name which was held by the former City Clerk. The City also had a charge account at Wal Mart. We identified purchases made with the credit card and the charge account which were not supported by adequate documentation and were an improper use of City funds. In addition, we determined the City incurred penalties and interest charges because the former City Clerk did not pay the credit card balance in a timely manner.

Recommendation – The City Council should develop a written credit card policy which includes requiring original receipts be submitted for all charges. The support should also include a description of the public purpose of the charge when the public purpose is not evident. The City Council should periodically review the credit card statements and the charge account statements to ensure charges appear appropriate and payments are made in a timely manner so the City does not incur penalties or interest charges.

- E. Payroll – During review of payroll, the following were identified:

- (1) There is no record of the City Council’s approval of pay to the former City Clerk or City Council members.
- (2) Pay for City Council members is not consistent.
- (3) The City incurred penalties for IPERS and FICA because the former City Clerk did not remit payroll taxes in a timely manner.

Recommendation – The City should implement procedures to ensure appropriate payroll records are maintained, including detailed time sheets for all employees paid on an hourly basis. The time sheets should be approved and initialed by the employee’s supervisor or by an independent official who is not involved with payroll.

In addition, the City Council should review and approve each employee’s authorized pay on a periodic basis. The approved pay should be documented in a resolution, the City Council meeting minutes or in some other appropriate manner. City officials should review payroll records to ensure payroll taxes are remitted in a timely manner.

- F. IPERS Contributions – Ms. King reported unauthorized payroll to IPERS and the City made contributions on the unauthorized payroll. As a result, the benefits Ms. King may receive as an IPERS retiree or any amount she withdraws from the retirement plan will be greater than if her payroll had not been improperly reported.

Recommendation – City officials should work with IPERS representatives to ensure appropriate steps are taken to reflect the authorized amount of Ms. King’s payroll.

- G. Records of Accounts – All accounting functions were primarily handled by the former City Clerk. The transactions and resulting balances were not properly reported to the City Council each month.

Recommendation – Monthly financial reports should be accurately prepared and presented to the City Council. They should include all financial activity and reconciled fund/account balances supported by bank reconciliations.

- H. Receipts – Receipts were not issued for a number of collections.

Recommendation – The City Council should implement procedures to ensure receipts are issued for money received to ensure all collections are deposited.

- I. USDA Loan and Grant – The City entered into an agreement with the USDA for receipt of loan and grant monies. We were unable to determine the City complied with all terms set forth in the agreement.

Recommendation – City officials should implement policies and procedures to ensure all conditions established by the USDA in the agreement are complied with. City officials should contact USDA to resolve any non-compliance issues.

- J. City Council Minutes – Chapter 21 of the *Code of Iowa* requires minutes be kept of all meetings of governmental bodies. During our review of minutes, we determined the minutes were not properly signed by the City Clerk and/or Mayor to authenticate the record. In addition, not all disbursements were presented to the City Council for approval.

Recommendation – The City should implement procedures to ensure the City Clerk and Mayor sign all meeting minutes and any errors are noted and corrected. In addition, the City Council should ensure all City obligations are presented to the City Council for approval prior to payment.

- K. Payments for Other Services – Payments to City officials are governed by sections 372.13(8) and 362.5 of the *Code of Iowa*. These requirements allow officials of cities with populations of less than 2,500 to be compensated up to \$2,500.00 per fiscal year for services provided to the City, such as mowing, snow plowing and other services, without those services being awarded through a competitive bid process.

We identified a number of payments made to the Mayor for various services performed for the City. The Mayor received \$350.00 per month as sewer operator and \$39.00 per month for meter reading. In addition, the Mayor performed other services such, as mowing and snow plowing. The wages received total more than \$2,500.00 in a fiscal year.

We also noted the wages the Mayor received as sewer operator were reported on Form 1099 as an independent contractor. The IRS provides guidance on distinguishing between an employee and an independent contractor. Because the Mayor would be considered an employee in accordance with these guidelines, his wages as sewer operator should have been reported on a W-2 form.

Recommendation – The City should monitor the payments to City officials to ensure compliance with the *Code of Iowa*. In addition, the City should consult legal counsel to determine appropriate action to be taken for the payments made to the Mayor in excess of the amount allowed by the *Code*. The City should also report wages as sewer operator on the Mayor's W-2 form. The City should consult legal counsel to determine if revised tax forms should be prepared by the City.

Exhibits

Report on Special Investigation of the
City of Masonville

Summary of Findings
For the Period March 18, 2002 through October 19, 2011

| Description | Exhibit/ Table/Page Number | Improper Amount | Unsupported Amount | Total |
|----------------------------------------------|-------------------------------------------|----------------------------|-------------------------------|--------------|
| Improper and unsupported disbursements: | | | | |
| Excess payments to Christine (Boudreau) King | Table 3 | \$ 79,557.33 | - | 79,557.33 |
| Payments to IPERS | Page 10 | 873.30 | - | 873.30 |
| FICA Payments | Exhibit D | 994.50 | - | 994.50 |
| Late Fees, Penalties and Fines to IRS | Table 4 | 1,560.00 | - | 1,560.00 |
| Wal Mart Charge Account | Page 12 | 226.23 | - | 226.23 |
| Credit Card | Page 13 | 32.00 | - | 32.00 |
| Other Disbursements | Exhibit F | 331.10 | 1,200.42 | 1,531.52 |
| Total | | \$ 83,574.46 | 1,200.42 | 84,774.88 |

**Report on Special Investigation of the
City of Masonville**

Report on Special Investigation of the
City of Masonville

Checks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|-----------------------|-------------------------------------------------------------------------------------|---------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 3404 | 06/01/02 | Christine Boudreau | <i>None</i> | \$ 22.50 |
| 3405 | 06/01/02 | Christine Boudreau | <i>None</i> | 334.80 |
| 3425 | 07/01/02 | Christine Boudreau | wages | 334.80 |
| 3441 | 07/05/02 | Christine Boudreau | Wal-Mart telephone cord, extension cord | 12.04 |
| 3459 | 08/01/02 | Christine Boudreau | <i>None</i> | 335.60 |
| 3470 | 08/20/02 | Christine Boudreau | July/Aug mileage | 65.00 |
| 3474 | 09/01/02 | Christine Boudreau | wages | 335.60 |
| 3494 | 09/20/02 | Christine Boudreau | mileage Iowa League Conference 180; clerk meeting 35; recorder's conference/bank 20 | 88.13 |
| 3496 | 10/01/02 | Christine Boudreau | wages | 335.60 |
| 3515 | 10/25/02 | Christine Boudreau | reimburse phone card for USDA closing phone calls | 10.00 |
| 3516 | 10/31/02 | Christine Boudreau | Nov paycheck | 335.60 |
| 3535 | 11/02/02 | Christine Boudreau | wages | 335.60 |
| 3530 | 11/25/02 | Christine Boudreau | phone card reimburse | 30.00 |
| 3534 | 11/29/02 | Christine Boudreau | Oct/Nov mileage | 60.75 |
| 3551 | 12/17/02 | Christine Boudreau | mileage budget workshop; ECIA meeting, Clark meeting | 81.75 |
| Subtotal | | | | 2,717.77 |
| 3560 | 01/01/03 | Christine Boudreau | wages | 335.60 |
| 3558 | 01/08/03 | Christine Boudreau | mileage 1/8 - 1/21 | 60.48 |
| 3564 | 01/22/03 | Christine Boudreau | wages \$335.60; tax forms \$4.03 | 339.63 |
| 3603 | 03/01/03 | Christine Boudreau | wages | 335.60 |
| 3624 | 03/24/03 | Christine Boudreau | wages | 335.60 |
| 3636 | 04/30/03 | Christine Boudreau | reimburse for supplies @ Wal-Mart | 26.23 |
| 3637 | 05/01/03 | Christine A. Boudreau | wages | 335.60 |
| 3667 | 05/20/03 | Christine Boudreau | part of monthly wages | 100.00 |
| 3670 | 05/30/03 | Christine A. King | June wages | 235.60 |
| 3677 | 06/17/03 | Christine King | mileage May & June clerk meeting; lunch meeting | 31.76 |
| 3679 | 06/27/03 | Christine A. King | 7/1/2003 - 7/31/2003 pay period | 354.60 |
| 3694 | 07/15/03 | Christine King | hotel for annual conference Iowa League of Cities | 300.00 |
| 3708 | 08/01/03 | Christine A. King | 08/01/2003 - 08/31/2003 | 354.60 |

Exhibit B

Report on Special Investigation of the
City of Masonville

Checks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|-------------------|---------------------------------------------------------------|---------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 3725 | 09/02/03 | Christina A. King | wages | 354.60 |
| 3740 | 10/01/03 | Christina A. King | Wages | 344.60 |
| 3767 | 10/21/03 | Chrisstine King | October Partial Wage | 100.00 |
| 3772 | 11/03/03 | Christine King | wages | 254.60 |
| 3787 | 11/17/03 | Christine King | Milage/reimburse office supplies | 42.99 |
| 3789 | 11/25/03 | Christine King | November Wages | 354.60 |
| Subtotal | | | | 4,596.69 |
| | | | | |
| 3815 | 01/01/04 | Christine A. King | Payroll 1/1/2004 - 1/31/2004 | 354.60 |
| 3818 | 01/10/04 | Christine A. King | Reimburse office supplies | 80.85 |
| 3834 | 01/15/04 | Christine A. King | Wages 1/1 - 1/15/04 | 167.30 |
| 3844 | 01/29/04 | Christine King | wages 1/16 - 1/30 | 167.30 |
| 3848 | 02/09/04 | Christine King | reimburse office supplies from Wal-mart 2/08/2004 | 59.49 |
| 3849 | 02/09/04 | Christine King | Wages 2/01/2004 - 2/15/2004 | 167.30 |
| 3863 | 02/23/04 | Christine King | reimburse for food for clerk meeting | 75.36 |
| 3862 | 02/23/04 | Christine King | Wages 2/15/2004 - 2/28/2004 mileage | 200.30 |
| 3877 | 03/09/04 | Christine King | March Wages | 167.30 |
| 3874 | 03/22/04 | Christine King | wage | 167.30 |
| 3875 | 03/22/04 | Christine King | None | 340.60 |
| 3889 | 04/12/04 | Christine A. King | wages | 167.30 |
| 3901 | 05/01/04 | Christine A. King | April Wages | 354.60 |
| 3902 | 05/05/04 | Christine A. King | None | 45.62 |
| 3903 | 05/08/04 | Christine A. King | 04/01/2004 - 4/30/2004 Pay Period | 400.00 |
| 3920 | 05/31/04 | Christine A. King | 05/01/2004 - 05/31/2004 Pay Period | 344.60 |
| 3921 | 06/07/04 | Christine A. King | lawsuit photo copies \$15.60 Mileage \$7.85 | 25.45 |
| 3962 | 06/23/04 | Christine A. King | 06/01/2004 - 06/30/2004 Pay Period | 344.60 |
| 3953 | 06/23/04 | Christine A. King | Purchase of Software Updates | 300.00 |
| 3976 | 07/12/04 | Christine King | 07/01/2004 - 07/12/2004 Pay Period | 188.70 |
| 3960 | 07/16/04 | Christine King | 7/13 - 7/18 cell phone use, mileage | 153.75 |
| 3987 | 07/21/04 | Christine King | reimburse credit card charges - books, supplies and materials | 275.23 |
| 3980 | 07/24/04 | Christine King | wages 7-18 to 7-24-2004 | 141.52 |

Report on Special Investigation of the
City of Masonville

Checks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|-------------------|---------------------------------------------------------------------|---------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 3989 | 08/02/04 | Christine A. King | 07/25/2004 - 7/31/2004 Pay Period | 90.35 |
| 4002 | 08/09/04 | Christine A. King | 08/02/2004 - 08/08/2004 Pay Period | 130.97 |
| 4003 | 08/14/04 | Christine A. King | 08/09/2004 - 08/15/2004 Pay Period | 128.97 |
| 3984 | 08/23/04 | Christine A. King | wages 8/16/2004 - 8/22/2004 | 90.35 |
| 4005 | 08/28/04 | Christine A. King | Reimburse Mileage, copied, clean updays, food and cleaning supplies | 50.45 |
| 4006 | 09/04/04 | Christine A. King | Payroll | 525.35 |
| 4036 | 09/20/04 | Christine King | None | 90.35 |
| 4039 | 09/25/04 | Christine A. King | Wage | 90.35 |
| 4040 | 09/29/04 | Christine A. King | Sept Milage, reimbursement lunch and meeting | 56.89 |
| 4049 | 10/02/04 | Christine A. King | None | 90.35 |
| 4065 | 10/11/04 | Christine A. King | None | 186.45 |
| 4066 | 10/16/04 | Christine A. King | Wages, Phone use and Mileage | 150.45 |
| 4072 | 10/23/04 | Christine A. King | Annual Report House | 285.46 |
| 4073 | 10/28/04 | Christine A. King | Postage, Mileage for Oct. | 145.00 |
| 4076 | 11/01/04 | Christine A. King | None | 90.35 |
| 4092 | 11/08/04 | Christine A. King | Fire Equipment | 165.35 |
| 4094 | 11/15/04 | Christine A. King | BackPay and Pay Mileage | 174.70 |
| 4095 | 11/20/04 | Christine A. King | October Services | 578.70 |
| 4097 | 11/27/04 | Christine A. King | None | 250.00 |
| 4100 | 12/07/04 | Christine A. King | Dec Wages | 487.92 |
| 4125 | 12/21/04 | Christine A. King | Wages, year end mileage, Ipers and year end phone | 400.68 |
| Subtotal | | | | 8,948.51 |
| 4126 | 01/10/05 | Christine A. King | None | 487.92 |
| 4136 | 01/19/05 | Christine A. King | Mileage 1/9, 1/10, 1/17, 1/19 30 each at .37 cents | 44.40 |
| 4140 | 02/02/05 | Christine A. King | None | 492.93 |
| 4141 | 02/08/05 | Christine A. King | Mileage-Lunch-Meeting | 136.42 |
| 4155 | 02/22/05 | Christine A. King | Mileage | 81.00 |
| 4156 | 02/25/05 | Christine A. King | wages | 507.92 |
| 4157 | 03/01/05 | Christine A. King | reimburse for stamp 2 roll - 23cents < 37 cents | 120.00 |

Report on Special Investigation of the
City of Masonville

Checks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|-------------------|-----------------------------------|---------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 4158 | 03/04/05 | Christine A. King | wage march | 126.98 |
| 4159 | 03/08/05 | Christine A. King | wages | 126.97 |
| 4181 | 03/18/05 | Christine A. King | None | 126.98 |
| 4182 | 03/21/05 | Christine A. King | Wages | 126.97 |
| 4183 | 03/26/05 | Christine A. King | Mileage Reimburse office supplies | 26.89 |
| 4184 | 03/28/05 | Christine A. King | wages | 126.97 |
| 4190 | 04/11/05 | Christine A. King | Invoice 1/3/05 | 126.89 |
| 4206 | 04/25/05 | Christine A. King | None | 126.98 |
| 4208 | 05/02/05 | Christine A. King | Wages 2005 | 477.92 |
| 4223 | 05/16/05 | Christine A. King | Payroll | 253.95 |
| 4214 | 05/25/05 | Christine A. King | Mileage/Lunch ECIA Dubuque | 59.37 |
| 4230 | 06/01/05 | Christine A. King | None | 253.95 |
| 4245 | 06/15/05 | Christine A. King | None | 215.95 |
| 4247 | 06/27/05 | Christine A. King | Mileage June 78 miles | 29.25 |
| 4261 | 07/05/05 | Christine A. King | FY 2005-2006 July Wages | 467.57 |
| 4273 | 07/19/05 | Christine A. King | City workshop Mileage and dinner | 59.04 |
| 4287 | 07/21/05 | Christine A. King | None | 467.57 |
| 4288 | 08/03/05 | Christine A. King | Wages | 457.92 |
| 4306 | 08/10/05 | Christine A. King | Mileage August | 50.22 |
| 4307 | 08/22/05 | Christine A. King | None | 435.60 |
| 4313 | 09/02/05 | Christine A. King | Wages | 467.31 |
| 4337 | 09/19/05 | Christine A. King | Mileage to Cedar Rapids | 46.56 |
| 4340 | 09/20/05 | Christine A. King | wages | 426.45 |
| 4343 | 10/03/05 | Christina A. King | wages mileage | 530.00 |
| 4501 | 10/11/05 | Christina A. King | Mileage ECIA meeting | 80.02 |
| 4511 | 10/19/05 | Christine A. King | None | 72.46 |
| 4512 | 10/22/05 | Christine A. King | None | 497.92 |
| 4518 | 11/15/05 | Christine A King | None | 466.47 |
| 4515 | 12/05/05 | Christine A. King | None | 221.30 |
| 4555 | 12/18/05 | Christine A. King | Payroll and Dec. Mileage | 466.29 |
| 4556 | 12/28/05 | Christine A. King | Dec. Mileage | 24.25 |
| Subtotal | | | | 9,313.56 |

Report on Special Investigation of the
City of Masonville

Checks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|-------------------|-------------------------------------|---------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 4559 | 01/04/06 | Christine A. King | None | 467.29 |
| 4586 | 02/01/06 | Christine A. King | None | 456.29 |
| 4587 | 02/06/06 | Christine A. King | None | 28.48 |
| 4599 | 02/22/06 | Christine A. King | None | 167.77 |
| 4612 | 03/15/06 | Christine A. King | None | 476.29 |
| 4619 | 03/21/06 | Christine A. King | None | 32.85 |
| 4601 | 04/01/06 | Christine A. King | None | 456.29 |
| 1159 | ^ 04/05/06 | Christine A. King | None | 119.34 |
| 4624 | 04/05/06 | Christine A. king | None | 331.60 |
| 4632 | 04/13/06 | Christine A. king | None | 228.97 |
| 4633 | 04/19/06 | Christine A. king | Mileage April | 32.04 |
| 4634 | 05/01/06 | Christine A King | None | 527.57 |
| 4653 | 05/05/06 | Christine A. King | None | 486.50 |
| 4648 | 05/08/06 | Christine A King | None | 432.29 |
| 4649 | 05/17/06 | Christine A King | None | 117.50 |
| 4650 | 05/23/06 | Christine A King | None | 486.19 |
| 4686 | 07/14/06 | Christine A. King | None | 456.47 |
| 4697 | 07/25/06 | Christine A. King | Mileage June, July; Office Supplies | 208.89 |
| 4695 | 08/01/06 | Christine A. King | None | 452.57 |
| 4700 | 08/21/06 | Christine A. King | None | 546.47 |
| 4710 | 09/01/06 | Christine A. King | None | 446.19 |
| 4715 | 09/11/06 | Christine A. King | Mileage | 58.34 |
| 4719 | 09/11/06 | Christine A. King | None | 446.19 |
| 4730 | 09/18/06 | Christine A. King | Iowa League of Cities Conference | 605.72 |
| 4731 | 09/25/06 | Christine A. King | Wages - Sept | 451.00 |
| 4733 | 10/02/06 | Christine A. King | None | 412.29 |
| 4738 | 10/09/06 | Christine A. King | None | 205.87 |
| 4737 | 10/23/06 | Christine A. King | Wages mileage | 526.18 |
| 4743 | 10/25/06 | Christine A. King | mileage clerk meeting dinner | 110.50 |
| 4749 | 11/01/06 | Christine King | None | 427.57 |
| 1172 | ^ 11/06/06 | Christine King | None | 179.01 |
| 4752 | 11/10/06 | Christine King | None | 253.96 |

Report on Special Investigation of the
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Checks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|-------------------|--------------------------------|---------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 4762 | 11/13/06 | Christine King | None | 411.47 |
| 4744 | 11/24/06 | Christine King | None | 412.29 |
| 4776 | 12/01/06 | Christine A. King | None | 417.28 |
| 4764 | 12/04/06 | Christine A. King | Dec 2006 wages/mileage | 507.67 |
| 4785 | 12/11/06 | Christine A. King | None | 416.47 |
| 4793 | 12/19/06 | Christine A. King | Wages Mileage | 546.15 |
| Subtotal | | | | 13,345.81 |
| 4745 | 01/01/07 | Christine King | None | 437.57 |
| 5061 | 01/04/07 | Christine A. King | None | 510.36 |
| 4771 | 01/05/07 | Christine A. King | Hudget | 496.85 |
| 4798 | 01/17/07 | Christine A. King | None | 432.29 |
| 4799 | 01/22/07 | Christine A. King | Mileage | 156.28 |
| 4800 | 01/26/07 | Christine A. King | Jan Wages | 432.29 |
| 4806 | 02/05/07 | Christine A. King | None | 486.19 |
| 4808 | 02/07/07 | Christine A. King | Mileage | 126.42 |
| 4820 | 02/12/07 | Christine A. King | None | 612.27 |
| 4751 | 03/01/07 | Christine A. King | None | 485.00 |
| 4826 | 03/07/07 | Christine A. King | None | 418.27 |
| 4835 | 03/12/07 | Christine A. King | Supplies/Mileage | 275.31 |
| 4836 | 03/20/07 | Christine A. King | Mileage - budget/grant | 56.42 |
| 4838 | 03/21/07 | Christine A. King | Wages | 376.52 |
| 4841 | 03/28/07 | Christine A. King | None | 431.75 |
| 4842 | 04/01/07 | Christine A. King | wages/mileage/software updates | 859.42 |
| 4868 | 04/01/07 | Christine A. King | None | 432.57 |
| 4847 | 04/09/07 | Christine A. King | None | 275.00 |
| 4860 | 04/24/07 | Christine A. King | None | 452.57 |
| 4873 | 05/07/07 | Christine A. King | None | 375.26 |
| 4894 | 05/22/07 | Christine A. King | None | 152.98 |
| 4895 | 05/23/07 | Christine A. King | None | 447.29 |
| 4902 | 06/04/07 | Christine A. King | None | 850.75 |

Report on Special Investigation of the
City of Masonville

Checks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|-------------------|-------------------------------------------|---------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 4904 | 06/13/07 | Christine A King | None | 125.42 |
| 4919 | 06/18/07 | Christine A King | None | 462.29 |
| 4922 | 06/26/07 | Christine A King | yearend | 325.80 |
| 4925 | 07/01/07 | Christine A. King | None | 457.29 |
| 4928 | 07/09/07 | Christine A. King | Mileage | 96.53 |
| 4946 | 07/20/07 | Christine A. King | Mileage/Computer | 180.50 |
| 4948 | 07/25/07 | Christine A. King | None | 487.29 |
| 4977 | 09/01/07 | Christine A. King | wages | 406.63 |
| 5000 | 10/3/07 | Christine A King | Wages | 486.48 |
| 5012 | 11/01/07 | Christine A King | None | 487.31 |
| 5013 | 11/01/07 | Christine A King | None | 123.00 |
| 5015 | 11/06/07 | Christine A King | Sewer Stmt date 10/25/2007 Inv # 234 | 65.27 |
| 5014 | 11/12/07 | Christine A King | Mileage | 486.48 |
| 5032 | 11/19/07 | Christine A King | budget/annual report + hrs/mileage | 584.05 |
| 5034 | 11/28/07 | Christine A King | None | 326.84 |
| 5035 | 12/04/07 | Christine A. King | wages + mileage(budget meeting) + expense | 864.72 |
| 5051 | 12/18/07 | Christine A. King | None | 479.63 |
| Subtotal | | | | 16,025.16 |
| 5063 | 01/08/08 | Christine A. King | Mileage - software updates | 384.53 |
| 5070 | 01/14/08 | Christine A. King | None | 410.29 |
| 5077 | 01/22/08 | Christine A. King | Meetings/Mileage | 289.63 |
| 5086 | 01/25/08 | Christine A. King | None | 455.22 |
| 5093 | 02/06/08 | Christine A. King | None | 466.47 |
| 5096 | 02/11/08 | Christine A. King | Budget | 312.48 |
| 5095 | 02/23/08 | Christine A. King | None | 492.36 |
| 5115 | 03/01/08 | Christine A. King | wages | 467.83 |
| 5117 | 03/05/08 | Christine A. King | Quickbooks | 692.00 |
| 5124 | 03/10/08 | Christine King | Mileage | 52.41 |
| 5132 | 03/17/08 | Christine A. King | Mileage | 84.62 |
| 5157 | 04/01/08 | Christine A. King | None | 476.52 |
| 5136 | 04/03/08 | Christine A. King | wages/mileage | 522.72 |

Exhibit BReport on Special Investigation of the
City of MasonvilleChecks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|-------------------|------------------------------------------------------------------------------|---------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 5139 | 04/09/08 | Christine A. King | None | 319.82 |
| 5153 | 04/21/08 | Christine A. King | Wages | 410.26 |
| 5161 | 05/07/08 | Christine A. King | None | 340.67 |
| 5168 | 05/12/08 | Christine A. King | None | 217.36 |
| 5178 | 05/27/08 | Christine A. King | None | 275.36 |
| 5181 | 06/02/08 | Christine A. King | None | 755.36 |
| 5189 | 06/11/08 | Christine A. King | None | 486.32 |
| 5202 | 06/15/08 | Christine A. King | mg/pot/wage/mileage | 684.32 |
| 5205 | 07/08/08 | Christine A. King | None | 481.82 |
| 5222 | 07/19/08 | Christine A. King | None | 246.32 |
| 5227 | 07/24/08 | Christine A. King | None | 76.52 |
| 5231 | 07/25/08 | Christine A. King | None | 278.02 |
| 5233 | 08/05/08 | Christine A. King | None | 785.26 |
| 5240 | 08/07/08 | Christine A. King | None | 178.26 |
| 5252 | 08/16/08 | Christine King | None | 510.63 |
| 5255 | 08/21/08 | Christine A. King | None | 210.63 |
| 5256 | 08/23/08 | Christine A. King | None | 190.40 |
| 5253 | 08/28/08 | Christine A. King | None | 287.53 |
| 5258 | 09/03/08 | Christine A. King | None | 315.28 |
| 5273 | 09/08/08 | Christine A. King | None | 121.46 |
| 5274 | 09/12/08 | Christine A. King | None | 361.42 |
| 5277 | 09/17/08 | Christine A. King | Wages- year end reports | 579.84 |
| 5279 | 09/24/08 | Christine King | None | 98.64 |
| 5280 | 09/26/08 | Christine A. King | None | 386.52 |
| 5283 | 10/01/08 | Christine A. King | None | 763.95 |
| 5285 | 10/04/08 | Christine A. King | Hotel. Meeting, Mileage (xxxx) | 659.42 |
| 1302 | ^ 10/04/08 | Christine A. King | meeting (red flags, mileage \$96.45, office supplies \$72.05, wages \$142.10 | 310.60 |
| 5287 | 10/13/08 | Christine King | None | 248.65 |
| 5297 | 10/20/08 | Christine A. King | None | 552.48 |
| 5332 | 10/26/08 | Christine A. King | None | 245.62 |
| 5303 | 11/01/08 | Christine King | None | 486.53 |
| 5304 | 11/05/08 | Christine King | software/Mileage | 505.00 |

Report on Special Investigation of the
City of Masonville

Checks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|-------------------|-------------------------------|---------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 5306 | 11/10/08 | Christine A. King | <i>None</i> | 575.62 |
| 5319 | 11/19/08 | Christine A. King | Wages.Mileage/meeting | 375.42 |
| 5326 | 12/01/08 | Christine A. King | Wages | 538.42 |
| 5328 | 12/03/08 | Christine A. King | WK, Postage, mileage, meeting | 356.82 |
| 5352 | 12/10/08 | Christine A. King | <i>None</i> | 87.43 |
| 5330 | 12/17/08 | Christine A. King | <i>None</i> | 215.45 |
| 5347 | 12/24/08 | Christine A. King | <i>None</i> | 334.55 |
| Subtotal | | | | 19,961.06 |
| 5354 | 01/02/09 | Christine A. King | <i>None</i> | 389.47 |
| 5358 | 01/06/09 | Christine A. King | <i>None</i> | 346.31 |
| 5359 | 01/10/09 | Christine A. King | Mileage | 82.00 |
| 5369 | 01/12/09 | Christine A. King | <i>None</i> | 456.95 |
| 5323 | 01/19/09 | Christine A. King | <i>None</i> | 389.42 |
| 5373 | 01/27/09 | Christine A. King | Mileage/meeting | 165.42 |
| 5375 | 02/02/09 | Christine A. King | <i>None</i> | 310.56 |
| 5390 | 02/09/09 | Christine King | Sewer budget hrs | 180.00 |
| 5393 | 02/09/09 | Christine A. King | wages/budget hrs/mileage | 675.42 |
| 5382 | 03/02/09 | Christine A. King | <i>None</i> | 486.90 |
| 5397 | 03/11/09 | Christine A. King | Mileage | 70.24 |
| 5405 | 03/23/09 | Christine A. King | meeting, mileage, postage | 165.67 |
| 5407 | 04/01/09 | Christine A. King | wages | 476.47 |
| 5410 | 04/08/09 | Christine A. King | <i>None</i> | 146.75 |
| 5423 | 04/20/09 | Christine A. King | Mileage, meeting, reg fees | 92.56 |
| 5428 | 04/23/09 | Christine A. King | <i>None</i> | 65.00 |
| 5431 | 04/27/09 | Christine A. King | <i>None</i> | 471.47 |
| 5447 | 05/11/09 | Christine A. King | April/ may | 535.46 |
| 5384 | 05/18/09 | Christine A King | <i>None</i> | 396.53 |
| 5449 | 05/22/09 | Christine A King | flowers/ mileage | 53.84 |
| 5450 | 06/01/09 | Christine A. King | <i>None</i> | 565.82 |
| 5466 | 06/09/09 | Christine King | <i>None</i> | 78.36 |
| 5435 | 06/15/09 | Christine A. King | <i>None</i> | 197.43 |

Exhibit BReport on Special Investigation of the
City of MasonvilleChecks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|-------------------|-------------------------------|---------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 5479 | 07/01/09 | Christine King | None | 675.43 |
| 5481 | 07/08/09 | Christina A King | candy, office supplies | 250.83 |
| 5498 | 07/17/09 | Christine A King | None | 310.59 |
| 5505 | 07/25/09 | Christine A King | rpt hrs | 385.46 |
| 5508 | 07/31/09 | Christine A. King | DNR papers | 75.00 |
| 5510 | 08/03/09 | Christine A. King | None | 679.48 |
| 5517 | 08/10/09 | Christine A. King | Hotel | 389.64 |
| 1323 | ^ 08/15/09 | Christine A. King | sewer portion wages 2010 | 425.36 |
| 5525 | 08/24/09 | Christine A. King | None | 175.00 |
| 5527 | 09/01/09 | Christine A King | None | 185.00 |
| 5530 | 09/01/09 | Christine A. King | None | 625.42 |
| 1326 | ^ 09/02/09 | Christine King | None | 295.00 |
| 5541 | 09/14/09 | Christine A. King | None | 368.79 |
| 5555 | 09/16/09 | Christine A. King | Mileage/conf meeting/meals | 315.86 |
| 5556 | 09/19/09 | Christine A. King | None | 56.92 |
| 5557 | 09/26/09 | Christine A. King | Mileage | 215.08 |
| 5559 | 10/01/09 | Christine A King | Mileage | 135.00 |
| 5558 | 10/01/09 | Christine A King | None | 651.47 |
| 5561 | 10/07/09 | Christine A King | Notary renewal | 30.00 |
| 5577 | 10/12/09 | Christine A King | None | 235.90 |
| 5581 | 10/17/09 | Christine A King | Office Supplies/Mileage/candy | 325.09 |
| 5582 | 10/19/09 | Christine A King | conference | 625.00 |
| 5584 | 10/28/09 | Christine A King | Wage/Mileage | 515.09 |
| 5587 | 11/02/09 | Christine A. King | None | 565.42 |
| 5406 | 11/14/09 | Christine A. King | None | 465.32 |
| 5594 | 11/14/09 | Christine A. King | None | 425.00 |
| 5604 | 11/24/09 | Christine A. King | None | 225.00 |
| 5605 | 12/02/09 | Christine A. King | None | 315.00 |
| 5606 | 12/07/09 | Christine A. King | None | 295.67 |
| 5633 | 12/14/09 | Christine A. King | None | 285.46 |

Report on Special Investigation of the
City of Masonville

Checks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|-------------------|----------------------------------------------------|---------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 5602 | 12/22/09 | Christine A. King | None | 275.46 |
| 5603 | 12/29/09 | Christine A. King | None | 58.63 |
| Subtotal | | | | 17,655.42 |
| 5599 | 01/04/10 | Christine A. King | None | 654.36 |
| 1330 | ^ 01/09/10 | Christine King | None | 335.40 |
| 5644 | 01/13/10 | Christine A. King | None | 462.73 |
| 5650 | 02/02/10 | Christine A King | None | 509.82 |
| 5651 | 02/08/10 | Christine A King | None | 86.75 |
| 5663 | 02/08/10 | Christine A King | None | 215.00 |
| 5678 | 02/18/10 | Christine A King | cleaning supplies | 147.37 |
| 5679 | 03/02/10 | Christine A King | None | 623.46 |
| 5694 | 03/12/10 | Christine A King | office Supplies/mileage | 119.49 |
| 5696 | 03/17/10 | Christine A King | None | 325.76 |
| 5697 | 03/23/10 | Christine A King | None | 350.76 |
| 5710 | 04/01/10 | Christine A King | None | 615.25 |
| 5708 | 04/12/10 | Christine A King | None | 182.46 |
| 5725 | 04/19/10 | Christine A King | wages/mileage | 198.42 |
| 5727 | 04/26/10 | Christine A King | None | 515.62 |
| 5732 | 05/12/10 | Christine A King | None | 515.46 |
| 5743 | 06/02/10 | Christine A. King | wages/meeting/mileage | 725.00 |
| 1337 | ^ 06/09/10 | Christine A. King | sewer 2009/2010 hours Postcards + lables for bills | 461.75 |
| 5757 | 06/16/10 | Christine A King | None | 515.46 |
| 5763 | 06/22/10 | Christine A King | Meeting and mileage | 285.42 |
| 5768 | 07/07/10 | Christine A King | None | 536.42 |
| 5786 | 07/17/10 | Christine A King | wages mileage | 625.47 |
| 5789 | 07/26/10 | Christine A King | IA leg cities annual meeting | 425.00 |
| 5794 | 08/04/10 | Christine A King | wages | 486.25 |
| 5795 | 08/09/10 | Christine A King | None | 142.65 |
| 5819 | 08/25/10 | Christine A King | None | 86.42 |
| 5793 | 09/01/10 | Christine A King | None | 652.00 |
| 5831 | 09/13/10 | Christine King | None | 326.82 |

Exhibit BReport on Special Investigation of the
City of MasonvilleChecks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|-------------------|------------------------|------------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 5799 | 10/01/10 | Christine A King | <i>None</i> | 520.64 |
| 5851 | 10/20/10 | Christine King | <i>None</i> | 626.42 |
| 5852 | 11/01/10 | Christine King | <i>None</i> | 789.42 |
| 1343 | ^ 11/03/10 | Christine A. King | report hours | 200.00 |
| 5855 | 11/05/10 | Christine A King | mileage + meals | 250.00 |
| 5877 | 11/18/10 | Christine A King | <i>None</i> | 652.49 |
| 5878 | 12/01/10 | Christine A King | <i>None</i> | 625.49 |
| 5905 | 12/13/10 | Christine A King | <i>None</i> | 652.86 |
| Subtotal | | | | <u>15,444.09</u> |
| 5893 | 01/05/11 | Christine A King | <i>None</i> | 715.49 |
| 1349 | ^ 01/10/11 | Christine King | <i>None</i> | 750.00 |
| 5885 | 01/19/11 | Christine King | xxxxx hrs/mtgs/mtg | 525.36 |
| 5911 | 01/24/11 | Christine A King | <i>None</i> | 310.25 |
| 5882 | 02/03/11 | Christine King | <i>None</i> | 775.36 |
| 5859 | 02/14/11 | Christine A King | mileage | 123.45 |
| 5860 | 02/14/11 | Christine A King | <i>None</i> | 486.25 |
| 5919 | 03/02/11 | Christine A King | <i>None</i> | 725.36 |
| 5917 | 03/09/11 | Christine A King | <i>None</i> | 275.36 |
| 5924 | 03/09/11 | Christine A King | <i>None</i> | 563.82 |
| 5918 | 03/23/11 | Christine A King | <i>None</i> | 535.66 |
| 5922 | 04/02/11 | Christine A King | <i>None</i> | 675.83 |
| 5923 | 04/04/11 | Christine A King | wage/meetings/mileage | 632.84 |
| 1354 | ^ 04/06/11 | Christine A. King | sewer system wages/hrs | 675.00 |
| 5958 | 05/02/11 | Christine A King | <i>None</i> | 625.36 |
| 5957 | 05/11/11 | Christine A King | <i>None</i> | 296.43 |
| 5966 | 05/18/11 | Christine A King | <i>None</i> | 684.92 |
| 5920 | 06/01/11 | Christine A King | mileage | 75.84 |
| 5921 | 06/01/11 | Christine A King | <i>None</i> | 632.51 |
| 5973 | 06/20/11 | Christine A King | <i>None</i> | 675.83 |

Report on Special Investigation of the
City of Masonville

Checks Issued to Christine (Boudreau) King
For the period March 18, 2002 through November 30, 2011

| Per Check | | | | |
|---------------------|-------------------|------------------|------------------------------|---------------|
| Check Number | Check Date | Payee | Memo | Amount |
| 5974 | 06/21/11 | Christine A King | <i>None</i> | 425.63 |
| 5975 | 07/19/11 | Christine A King | <i>None</i> | 275.36 |
| 6016 | 07/26/11 | Christine A King | clerk meeting food + mileage | 200.00 |
| 6018 | 08/01/11 | Christine A King | <i>None</i> | 625.37 |
| 6022 | 08/08/11 | Christine A King | mileage | 116.32 |
| 6024 | 08/16/11 | Christine A King | <i>None</i> | 641.80 |
| 6025 | 08/22/11 | Christine A King | <i>None</i> | 315.23 |
| 6026 | 08/27/11 | Christine A King | <i>None</i> | 315.23 |
| 6039 | 09/01/11 | Christine A King | <i>None</i> | 726.43 |
| 6055 | 09/12/11 | Christine A King | mileage | 31.62 |
| 6040 | 09/17/11 | Christine A King | <i>None</i> | 386.45 |
| 6061 | 09/26/11 | Christine King | <i>None</i> | 335.00 |
| 6065 | 10/10/11 | Christine King | <i>none</i> | 543.29 |
| 6066 | 10/02/11 | Christine King | <i>xxxxx, wages</i> | 525.43 |
| 6068 | 10/04/11 | Christine A King | <i>none</i> | 658.42 |
| Subtotal | | | | 16,882.50 |
| Total | | | | \$ 124,890.57 |

^ - Check issued from City's Sewer Fund checking account. All remaining checks were issued from the City's General Fund checking account.

Report on Special Investigation of the
City of Masonville

IPERS Contributions on Unauthorized Payroll
For the period March 18, 2002 through November 30, 2011

| Quarter/ Month Ended | Payroll | | | Employer and Employee IPERS Contributions on Unauthorized Payroll |
|-------------------------|----------------------|------------|--------------|----------------------------------------------------------------------------|
| | Reported to IPERS | Authorized | Unauthorized | |
| 09/30/02 | \$ 1,200.00 | 1,200.00 | - | - |
| 12/31/02 | 1,200.00 | 1,200.00 | - | - |
| 03/31/03 | 1,200.00 | 1,200.00 | - | - |
| 06/30/03 | 1,200.00 | 1,200.00 | - | - |
| 09/30/03 | 1,200.00 | 1,200.00 | - | - |
| 12/31/03 | 1,200.00 | 1,200.00 | - | - |
| 03/31/04 | 1,200.00 | 1,200.00 | - | - |
| 06/30/04 | 1,400.00 | 1,200.00 | 200.00 | 18.90 |
| 09/30/04 | 1,200.00 | 1,200.00 | - | - |
| 12/31/04 | 1,650.00 | 1,200.00 | 450.00 | 42.53 |
| 03/31/05 | 1,650.00 | 1,200.00 | 450.00 | 42.53 |
| 06/30/05 | - | 1,200.00 | (1,200.00) | (113.40) |
| 09/30/05 | 1,650.00 | 1,200.00 | 450.00 | 42.53 |
| 12/31/05 | 2,200.00 | 1,200.00 | 1,000.00 | 94.50 |
| 03/31/06 | 1,650.00 | 1,200.00 | 450.00 | 42.53 |
| 06/30/06 | 2,600.00 | 1,200.00 | 1,400.00 | 132.30 |
| 09/30/06 | - | 1,200.00 | (1,200.00) | (113.40) |
| 12/31/06 | - | 1,200.00 | (1,200.00) | (113.40) |
| 03/31/07 | 1,650.00 | 1,200.00 | 450.00 | 42.53 |
| 06/30/07 | 3,650.00 | 1,200.00 | 2,450.00 | 231.53 |
| 09/30/07 | 1,650.00 | 1,200.00 | 450.00 | 44.78 |
| 12/30/07 | 2,250.00 | 1,200.00 | 1,050.00 | 104.48 |
| 03/31/08 | 1,650.00 | 1,200.00 | 450.00 | 44.78 |
| 06/30/08 | 1,650.00 | 1,200.00 | 450.00 | 44.78 |
| 07/31/08 | 550.00 | 550.00 | - | - |
| 08/31/08 | 550.00 | 550.00 | - | - |
| 09/30/08 | 550.00 | 550.00 | - | - |
| 10/31/08 | 550.00 | 550.00 | - | - |
| 11/30/08 | 550.00 | 550.00 | - | - |
| 12/31/08 | 550.00 | 550.00 | - | - |
| 01/31/09 | 550.00 | 550.00 | - | - |
| 02/28/09 | 550.00 | 550.00 | - | - |

Report on Special Investigation of the
City of Masonville

IPERS Contributions on Unauthorized Payroll
For the period March 18, 2002 through November 30, 2011

| Quarter/ Month Ended | Payroll | | | Employer and Employee IPERS Contributions on Unauthorized Payroll |
|-------------------------|----------------------|------------|--------------|----------------------------------------------------------------------------|
| | Reported to IPERS | Authorized | Unauthorized | |
| 03/31/09 | 550.00 | 550.00 | - | - |
| 04/30/09 | 550.00 | 550.00 | - | - |
| 05/31/09 | 550.00 | 550.00 | - | - |
| 06/30/09 | 750.00 | 550.00 | 200.00 | 20.90 |
| 07/31/09 | 750.00 | 550.00 | 200.00 | 21.90 |
| 08/31/09 | 550.00 | 550.00 | - | - |
| 09/30/09 | 550.00 | 550.00 | - | - |
| 10/31/09 | 550.00 | 550.00 | - | - |
| 11/30/09 | 550.00 | 550.00 | - | - |
| 12/31/09 | 550.00 | 550.00 | - | - |
| 01/31/10 | 550.00 | 550.00 | - | - |
| 02/28/10 | 550.00 | 550.00 | - | - |
| 03/31/10 | 550.00 | 550.00 | - | - |
| 04/30/10 | 550.00 | 550.00 | - | - |
| 05/31/10 | 550.00 | 550.00 | - | - |
| 06/30/10 | 550.00 | 550.00 | - | - |
| 07/31/10 | 550.00 | 550.00 | - | - |
| 08/31/10 | 550.00 | 550.00 | - | - |
| 09/30/10 | 550.00 | 550.00 | - | - |
| 10/31/10 | 550.00 | 550.00 | - | - |
| 11/30/10 | 550.00 | 550.00 | - | - |
| 12/31/10 | 550.00 | 550.00 | - | - |
| 01/31/11 | 550.00 | 550.00 | - | - |
| 02/28/11 | 550.00 | 550.00 | - | - |
| 03/31/11 | 550.00 | 550.00 | - | - |
| 04/30/11 | 550.00 | 550.00 | - | - |
| 05/31/11 | 550.00 | 550.00 | - | - |
| 06/30/11 | 550.00 | 550.00 | - | - |
| 07/31/11 | 550.00 | 550.00 | - | - |
| 08/31/11 | 550.00 | 550.00 | - | - |
| Total | \$ 56,200.00 | 49,700.00 | 6,500.00 | 631.30 |

Exhibit DReport on Special Investigation of the
City of MasonvilleFICA Contributions on Unauthorized Payroll
For the period March 18, 2002 through November 30, 2011

| Quarter/ Month Ended | Payroll | | | Employer and Employee FICA Contributions on Unauthorized Payroll |
|-------------------------|----------------------|-----------------------|--------------|---------------------------------------------------------------------------|
| | Reported to IPERS | Payroll Authorized | Unauthorized | |
| 09/30/02 | 1,200.00 | 1,200.00 | - | - |
| 12/31/02 | 1,200.00 | 1,200.00 | - | - |
| 03/31/03 | 1,200.00 | 1,200.00 | - | - |
| 06/30/03 | 1,200.00 | 1,200.00 | - | - |
| 09/30/03 | 1,200.00 | 1,200.00 | - | - |
| 12/31/03 | 1,200.00 | 1,200.00 | - | - |
| 03/31/04 | 1,200.00 | 1,200.00 | - | - |
| 06/30/04 | 1,400.00 | 1,200.00 | 200.00 | 30.60 |
| 09/30/04 | 1,200.00 | 1,200.00 | - | - |
| 12/31/04 | 1,650.00 | 1,200.00 | 450.00 | 68.85 |
| 03/31/05 | 1,650.00 | 1,200.00 | 450.00 | 68.85 |
| 06/30/05 | - | 1,200.00 | (1,200.00) | (183.60) |
| 09/30/05 | 1,650.00 | 1,200.00 | 450.00 | 68.85 |
| 12/31/05 | 2,200.00 | 1,200.00 | 1,000.00 | 153.00 |
| 03/31/06 | 1,650.00 | 1,200.00 | 450.00 | 68.85 |
| 06/30/06 | 2,600.00 | 1,200.00 | 1,400.00 | 214.20 |
| 09/30/06 | - | 1,200.00 | (1,200.00) | (183.60) |
| 12/31/06 | - | 1,200.00 | (1,200.00) | (183.60) |
| 03/31/07 | 1,650.00 | 1,200.00 | 450.00 | 68.85 |
| 06/30/07 | 3,650.00 | 1,200.00 | 2,450.00 | 374.85 |
| 09/30/07 | 1,650.00 | 1,200.00 | 450.00 | 68.85 |
| 12/30/07 | 2,250.00 | 1,200.00 | 1,050.00 | 160.65 |
| 03/31/08 | 1,650.00 | 1,200.00 | 450.00 | 68.85 |
| 06/30/08 | 1,650.00 | 1,200.00 | 450.00 | 68.85 |
| 07/31/08 | 550.00 | 550.00 | - | - |
| 08/31/08 | 550.00 | 550.00 | - | - |
| 09/30/08 | 550.00 | 550.00 | - | - |
| 10/31/08 | 550.00 | 550.00 | - | - |
| 11/30/08 | 550.00 | 550.00 | - | - |
| 12/31/08 | 550.00 | 550.00 | - | - |
| 01/31/09 | 550.00 | 550.00 | - | - |
| 02/28/09 | 550.00 | 550.00 | - | - |
| 03/31/09 | 550.00 | 550.00 | - | - |
| 04/30/09 | 550.00 | 550.00 | - | - |

Report on Special Investigation of the
City of Masonville

FICA Contributions on Unauthorized Payroll
For the period March 18, 2002 through November 30, 2011

| Quarter/ Month Ended | Payroll | | | Employer and Employee FICA Contributions on Unauthorized Payroll |
|-------------------------|----------------------|-----------------------|--------------|---------------------------------------------------------------------------|
| | Reported to IPERS | Payroll Authorized | Unauthorized | |
| 05/31/09 | 550.00 | 550.00 | - | - |
| 06/30/09 | 750.00 | 550.00 | 200.00 | 30.60 |
| 07/31/09 | 750.00 | 550.00 | 200.00 | 30.60 |
| 08/31/09 | 550.00 | 550.00 | - | - |
| 09/30/09 | 550.00 | 550.00 | - | - |
| 10/31/09 | 550.00 | 550.00 | - | - |
| 11/30/09 | 550.00 | 550.00 | - | - |
| 12/31/09 | 550.00 | 550.00 | - | - |
| 01/31/10 | 550.00 | 550.00 | - | - |
| 02/28/10 | 550.00 | 550.00 | - | - |
| 03/31/10 | 550.00 | 550.00 | - | - |
| 04/30/10 | 550.00 | 550.00 | - | - |
| 05/31/10 | 550.00 | 550.00 | - | - |
| 06/30/10 | 550.00 | 550.00 | - | - |
| 07/31/10 | 550.00 | 550.00 | - | - |
| 08/31/10 | 550.00 | 550.00 | - | - |
| 09/30/10 | 550.00 | 550.00 | - | - |
| 10/31/10 | 550.00 | 550.00 | - | - |
| 11/30/10 | 550.00 | 550.00 | - | - |
| 12/31/10 | 550.00 | 550.00 | - | - |
| 01/31/11 | 550.00 | 550.00 | - | - |
| 02/28/11 | 550.00 | 550.00 | - | - |
| 03/31/11 | 550.00 | 550.00 | - | - |
| 04/30/11 | 550.00 | 550.00 | - | - |
| 05/31/11 | 550.00 | 550.00 | - | - |
| 06/30/11 | 550.00 | 550.00 | - | - |
| 07/31/11 | 550.00 | 550.00 | - | - |
| 08/31/11 | 550.00 | 550.00 | - | - |
| Total | \$ 56,200.00 | 49,700.00 | 6,500.00 | 994.50 |

Report on Special Investigation of the
City of Masonville

Credit Card Purchases
For the period March 18, 2002 through November 30, 2011

Per Credit Card Statement

| Transaction Date | Description | Charges | Description of Purchases per Mayor |
|---------------------|------------------------------------------|-------------|--------------------------------------------------------------------------|
| 03/11/10 | Farm and Fleet/Cedar Falls | \$ 189.00 | City shop supplies |
| 09/04/10 | Kwik Star | 52.50 | ## |
| 09/15/10 | Interest | 0.83 | - |
| 09/26/10 | Late Fee | 10.00 | - |
| 10/17/10 | Interest | 1.02 | - |
| 11/15/10 | Interest | 0.77 | - |
| 11/30/10 | Hawkeye Truck Equipment | 82.07 | Parts for City truck |
| 12/16/10 | Interest | 0.52 | - |
| 12/16/10 | Wal Mart #1528 | 133.58 | Supplies for community holiday event for children |
| 01/15/11 | Okoboji Grill | 394.77 | Council meal* |
| 02/07/11 | Sears Reobuck | 20.59 | Parts for snow blower |
| 02/13/11 | Interest | 4.54 | - |
| 02/20/11 | Marriott West Des Moines | 56.00 | Lodging costs for conference. |
| 02/22/11 | Credit Voucher, Marriott West Des Moines | (56.00) | Lodging cancelled. |
| 05/28/11 | Home Depot | 122.18 | Authorized purchase for Fire Department. Additional information unknown. |
| 06/25/11 | Kwik Star | 67.51 | ## |
| 07/14/11 | Iowa League of Cities | 145.00 | Authorized cost for conference. |
| 07/17/11 | Interest | 1.55 | - |
| 08/17/11 | Interest | 2.76 | - |
| 08/20/11 | Credit Voucher - Iowa League of Cities | (145.00) | Attendance at conference cancelled. |
| 09/25/11 | Elkader Fuel | 10.01 | Unauthorized purchase from an out of town vendor. |
| Total | | \$ 1,094.20 | |

- Personal purchases which were not authorized.

| Purchases | | |
|----------------------------------|-----------------|-----------------------------------|
| Supported/ Reasonable | Improper | Interest and Late Fees |
| 189.00 | - | - |
| - | 52.50 | - |
| - | - | 0.83 |
| - | - | 10.00 |
| - | - | 1.02 |
| - | - | 0.77 |
| 82.07 | - | - |
| - | - | 0.52 |
| 133.58 | - | - |
| 394.77 | - | - |
| 20.59 | - | - |
| - | - | 4.54 |
| 56.00 | - | - |
| (56.00) | - | - |
| 122.18 | - | - |
| - | 67.51 | - |
| 145.00 | - | - |
| - | - | 1.55 |
| - | - | 2.76 |
| (145.00) | - | - |
| - | 10.01 | - |
| 942.19 | 130.02 | 21.99 |

Report on Special Investigation of the
City of Masonville

Selected Disbursements
For the period March 18, 2002 through November 30, 2011

Per Check Images

| Date | Check Number | Payee | Memo | Amount |
|-------------|---------------------|----------------------------|----------------------|--------------------|
| 05/13/02 | 3382 | Posy Place Floral & Gift | None | \$ 38.10 |
| 08/24/02 | 3472 | R Place | clean up day lunch | 94.57 |
| 10/04/02 | 3497 | R Place | clerk meeting | 41.30 |
| 05/18/04 | 3923 | Posy Place Floral and Gift | Inv #607338 | 29.75 |
| 08/28/04 | 3986 | R Place | Clean Upday Lunch | 50.29 |
| 09/21/05 | 4334 | Pizza Ranch | Gift Card | 30.00 |
| 04/28/07 | 4862 | R Place | None | 120.00 |
| 05/29/07 | 4897 | Posy Place Floral & Gift | Inv#310588 | 49.01 |
| 07/23/07 | 4947 | Best Buy | None | 628.05 |
| 08/09/07 | 4955 | Best Buy | None | 572.37 |
| 09/10/07 | 4986 | R Place | City Cleanup - Storm | 125.40 |
| 09/10/07 | 4987 | R Place | gift Certificates | 125.00 |
| 09/08/08 | 5257 | R Place | None | 11.75 |
| 02/04/09 | 5388 | Bob Nelson | Kaitlyn benefit | 305.00 |
| 07/11/09 | 5484 | Sams Club | None | 143.37 |
| 07/15/09 | 5495 | Regional Medical Center | Acct# 1302386-pur | 17.27 |
| 12/14/09 | 5614 | R Place | None | 54.59 |
| 12/14/09 | 5616 | R Place | Gift Certificate | 35.00 |
| 12/19/09 | 5634 | Jolene Kaiser | None | 25.00 |
| 07/07/10 | 5766 | Sams Club | None | 135.46 |
| 07/07/10 | 5767 | Sams Club | None | 35.00 |
| 08/14/10 | 5811 | Posy Place Floral + Gift | Inv #378343 | 59.71 |
| 11/17/10 | 5866 | Posy Place Floral + Gift | Inv #699003 | 70.62 |
| Total | | | | <u>\$ 2,796.61</u> |

| Improper | Unsupported | Public Purpose |
|-----------------|--------------------|-----------------------|
| - | - | 38.10 |
| - | - | 94.57 |
| - | - | 41.30 |
| - | - | 29.75 |
| - | - | 50.29 |
| - | - | 30.00 |
| - | - | 120.00 |
| - | - | 49.01 |
| - | 628.05 | - |
| - | 572.37 | - |
| - | - | 125.40 |
| - | - | 125.00 |
| - | - | 11.75 |
| - | - | 305.00 |
| 143.37 | - | - |
| 17.27 | - | - |
| - | - | 54.59 |
| - | - | 35.00 |
| - | - | 25.00 |
| 135.46 | - | - |
| 35.00 | - | - |
| - | - | 59.71 |
| - | - | 70.62 |
| 331.10 | 1,200.42 | 1,265.09 |

Exhibit GReport on Special Investigation of the
City of MasonvilleComparison of Reported Balances to Bank Balances
For the period March 18, 2002 through November 30, 2011

| Account | June 2010 | | | July 2010 | | | August 2010 | | |
|----------------|------------------|---------------|-------------------|------------------|---------------|-------------------|--------------------|---------------|-------------------|
| | Reported | Actual | Difference | Reported | Actual | Difference | Reported | Actual | Difference |
| General | \$ 75,526.09 | 993.56 | 74,532.53 | 73,734.83 | 3,403.59 | 70,331.24 | 43,900.99 | 40,480.83 | 3,420.16 |
| Sewer | 17,949.50 | 26,132.08 | (8,182.58) | 18,375.79 | 14,295.91 | 4,079.88 | 18,686.03 | 7,345.90 | 11,340.13 |
| RUT | 23,299.37 | 50,534.99 | (27,235.62) | 4,505.93 | 40,686.48 | (36,180.55) | 5,452.53 | 9,099.50 | (3,646.97) |
| Generator | 1.00 | 1.00 | - | 1.00 | 1.00 | - | 1.00 | 1.00 | - |
| Total | \$ 116,775.96 | 77,661.63 | 39,114.33 | 96,617.55 | 58,386.98 | 38,230.57 | 68,040.55 | 56,927.23 | 11,113.32 |

| Account | September 2010 | | | October 2010 | | | November 2010 | | |
|----------------|-----------------------|---------------|-------------------|---------------------|---------------|-------------------|----------------------|---------------|-------------------|
| | Reported | Actual | Difference | Reported | Actual | Difference | Reported | Actual | Difference |
| General | 34,308.50 | 1,240.55 | 33,067.95 | 38,290.19 | 1,416.15 | 36,874.04 | 44,776.44 | 1,371.97 | 43,404.47 |
| Sewer | 20,253.03 | 2,206.71 | 18,046.32 | 20,374.23 | 1,408.91 | 18,965.32 | 21,540.76 | 9,677.11 | 11,863.65 |
| RUT | 6,344.00 | 6,372.46 | (28.46) | 7,002.91 | 9,147.03 | (2,144.12) | 8,125.51 | 10,048.85 | (1,923.34) |
| Generator | 1.00 | 1.00 | - | 1.00 | 1.00 | - | 1.00 | 1.00 | - |
| Total | 60,906.53 | 9,820.72 | 51,085.81 | 65,668.33 | 11,973.09 | 53,695.24 | 74,443.71 | 21,098.93 | 53,344.78 |

| Account | December 2010 | | | January 2011 | | | February 2011 | | |
|----------------|----------------------|---------------|-------------------|---------------------|---------------|-------------------|----------------------|---------------|-------------------|
| | Reported | Actual | Difference | Reported | Actual | Difference | Reported | Actual | Difference |
| General | 42,773.10 | 1,223.96 | 41,549.14 | 47,752.75 | 2,030.98 | 45,721.77 | 46,825.43 | 2,080.34 | 44,745.09 |
| Sewer | 21,599.28 | 9,223.63 | 12,375.65 | 20,989.69 | 9,838.65 | 11,151.04 | 21,973.62 | 8,109.94 | 13,863.68 |
| RUT | 8,474.49 | 8,620.16 | (145.67) | 8,349.64 | 8,191.09 | 158.55 | 9,053.03 | 11,411.16 | (2,358.13) |
| Generator | 1.00 | 1.00 | - | 1.00 | 1.00 | - | 1.00 | 1.00 | - |
| Total | 72,847.87 | 19,068.75 | 53,779.12 | 77,093.08 | 20,061.72 | 57,031.36 | 77,853.08 | 21,602.44 | 56,250.64 |

Report on Special Investigation of the
City of Masonville

Comparison of Reported Balances to Bank Balances
For the period March 18, 2002 through November 30, 2011

| Account | March 2011 | | | April 2011 | | | May 2011 | | |
|----------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|------------------|------------------|-------------------|
| | Reported | Actual | Difference | Reported | Actual | Difference | Reported | Actual | Difference |
| General | 44,616.76 | 1,126.06 | 43,490.70 | 44,801.11 | 976.15 | 43,824.96 | 33,158.69 | 1,413.56 | 31,745.13 |
| Sewer | 22,442.15 | 7,525.47 | 14,916.68 | 22,959.66 | 5,718.01 | 17,241.65 | 23,499.01 | 5,272.84 | 18,226.17 |
| RUT | 10,090.00 | 7,574.69 | 2,515.31 | 10,157.24 | 22,091.44 | (11,934.20) | 11,031.54 | 11,060.20 | (28.66) |
| Generator | 1.00 | 1.00 | - | 1.00 | 1.00 | - | 1.00 | 1.00 | - |
| Total | 77,149.91 | 16,227.22 | 60,922.69 | 77,919.01 | 28,786.60 | 49,132.41 | 67,690.24 | 17,747.60 | 49,942.64 |

| Account | June 2011 | | |
|----------------|------------------|-----------------|-------------------|
| | Reported | Actual | Difference |
| General | 28,140.98 | 574.26 | 27,566.72 |
| Sewer | 23,766.23 | 575.71 | 23,190.52 |
| RUT | 11,260.53 | 3,075.15 | 8,185.38 |
| Generator | 1.00 | 1.00 | - |
| Total | 63,168.74 | 4,226.12 | 58,942.62 |

Report on Special Investigation of the
City of Masonville

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Lara K. Van Wyk, Staff Auditor


Tamera S. Kusian, CPA
Deputy Auditor of State